

**Lebanon Board of Finance
Minutes of February 21, 2012
Regular Meeting**

Members present: Liz Charron, Chairman, Glen Coutu, Vice Chairman, Donald Anderson, Greg LaFontaine, Betsy Petrie, and David Scata.
Alternates present, Diane Malozzi (alt.),

Item A. Call to Order

The meeting was called to order at 7:00 p.m. by L. Charron.

**Item B. Review and Consider Accepting Minutes of Previous Meetings
January 17, 2012 Regular Meeting:**

Don Anderson moved to approve the minutes of January 17, 2012. Motion was seconded by G. Coutu. Motion passed unanimously.

January 25, 2012 Special Meeting:

G. Coutu moved to approve the minutes of January 25, 2012 special meeting.. Motion was seconded by D. Anderson. Motion passed unanimously.

January 31, 2012 Special Meeting:

G. Coutu moved to approve the minutes of January 31 2011 special meeting. Motion was seconded by D. Anderson. Motion passed with one abstain, L. Charron.

**Item C. Correspondence
None Received**

Item D Monthly Expenditures (see attachment Item D)

V. Calvert distributed monthly expenditures. The Chairman had requested V. Calvert review and provide update on some identified accounts.

- 467 Inland Wetlands (on budget)
- 441 Health Department (on budget)
- 418 Insurance (budget ok, payments made quarterly)
- 400 Legal Counsel. At present this account will run short. V. Calvert reviewed how the budget was built and the allocation per department. Pending legal matters for an inland wetlands situation and personnel matters will cause this budget to go over the budgeted amount. V. Calvert to return to next meeting with a more completed synopsis of expenditures for account by department as well as investigation of the Dixworks invoice.

Item D Monthly Expenditures (continued)

Invoice from Stephen Hopkins was reviewed for payment.

\$4000 for final installment of Audit and \$495 for 5 ½ hours of time for reconciliation of finance office records and school records.

Motion made by G. Coutu, seconded by D. Anderson to pay \$4000 for town audit with funds from the auditor line item, and \$495 for reconciliation work with funds to come from finance office line item. Motion passed unanimously.

Item E. Subcommittee Updates

1. Investment Policy and Cash Management
Committee will resume after budget cycle
2. Board Policies and Procedures
Committee will resume after budget cycle
3. Capital Funding
Committee meets frequently during budget cycle
4. Budget process
 - a. Discuss strategies for uses of funding for TIP
Veronica distributed TIP account spread sheet (see attached)
Balance indicates \$54,668.24. Discussion regarding the philosophy of how much should be in TIP. Thoughts include to build up some funds to create cushion to fix facilities. Discussion on how funds were added to TIP through the years, including moving annual non recurring items from below line to TIP account.
This past year J. Okonuk reported the Selectman have spent \$11,251.00 on TIP. Including computers, fixing AC at senior center and new refrigerator at fire safety complex. Some agreement that TIP should be around 50K seemed reasonable at end of a fiscal year.
 - b. Discuss level of funding of Contingency. The chairman distributed the statute regarding contingency accounts. (exhibit attached) The chairman reviewed the levels of contingency in the past and explanation for the figures. Historically, we have budgeted \$100,000 with some years somewhat higher for specific risk in the upcoming year.

The Board of Finance discussed the need to define expectations of Contingency versus TIP funding and uses of each.

Item F. New Business

1. Discuss Directors and Officers Liability Insurance
First Selectman J. Okonuk discussed with the BOF the need to investigate a Directors and Officers Liability Policy. As a result of the first selectman recently being named in a lawsuit. She feels it is important for the Town to provide this insurance if it is available. Further discussion took place about insurance coverage for members of boards and commissions. The first selectman will meet with several providers and provide feedback to the BOF at a future meeting.
2. Consider and act on distributing an RFP for town annual audit report for next 2 year period. The Chairman distributed the previous RFP document. (exhibit attached) The Chairman recommended we change the date in the RFP to April 3 for submissions. Motion made by G. Lafontaine and Don Anderson seconded to approve the RFP with a return of April 3, 2012. Motion passed unanimously.
3. The Chairman distributed the Audit report and reviewed some items with the BOF

Page 1 Letter from the auditor, 4th paragraph identifies this as a qualified audit as some expenses we do not account for correctly specifically for the last paycheck of the fiscal year for the Town (35K) and summer salaries for the BOE (1,000,000).

Page 16 Exhibit E was discussed by BOF in January

Page 17 Exhibit shows 400K as temp loan for sewer project, and the reconciliation of last years action correctly as \$585000 out of fund balance and \$365,000 to cover BOE expenses and \$220,000 for Mack Road bridge. Net change to fund balance was \$669,731. Fund Balance at \$3,144,590

Page 33 Debt payment schedule shows \$247,000 being reduced from payment schedule for 2012-2013

Page 43 Schedule B. All of funds showing the net changes from beginning to end of year.

Page 44 Dog fund. Traditionally runs with deficit. The deficit being reduced from \$5k to now at \$1K.

The Chairman pointed out that many funds have residual balances that need to be investigated by the Finance office to determine status of the accounts. Included those already mentioned and additionally Ag Viability account, energy efficiency grant (page 46), Voag Ed Grant (page 47)

Page 56 Building project for Elementary school and Lebanon middle school still has outstanding reimbursement of \$772,000 in total.

Page 69 Findings will be added to next months BOF agenda to begin to construct response. Some responses will need to come from BOE as well on findings 5, 6 and 7.

The chairman pointed out that Scholarship funds were to only have interest used for scholarships but in the past year \$1683 of the principal was also used. This will need to be paid back to the accounts and statements will need to be developed on a spending policy for the scholarship account.

4. Discuss established guidelines for fund balance and where we stand as of June 30 2011. G. Lafontaine reviewed the process regarding our policy on Fund balance. We need to establish guidelines as we work to keep track of fund balance including negative adjustments in the Town report. G. Lafontaine indicated that the strategy was to have enough funds to run town operations for up to 3 months in the event of a catastrophic situation.

G. Other

Motion made by G. Coutu and seconded by D. Scata to consider and act on requesting the Board of selectman to call town meeting to release 15K from open space fund for the preservation of Beltane Farms.

P. Chester, Town Planner, spoke to the preservation of the Beltane Farm and the ability to use open space funds for this purpose. (exhibit attached)

Motion passed unanimously.

Motion made by G. Coutu and seconded by G. Lafontaine to consider and act on request from Town Planner for the establishment of a fund for Farmers Market to accept revenue and pay expenses.

The Town planner indicated that the Town did not receive the Grant for the Farmers Market. Discussion took place as to how to bookkeep the funds. The Planner indicated they would be raising money to support the market, with sales of VIP patrons and additional money from Economic Development account.

Discussion ensued as to the best way to manage the funds. It was decided to use Misc Donations Fund with subcategory of farmers market to track income and expenses.

Motion made by G.Lafontaine, seconded by G Coutu to use the Misc Donations Fund with subcategory tracking of income and expense of farmers market and must be self sustaining fund. Motion passed unanimously.

Motion by G. Coutu seconded by G. Lafontaine to add to agenda to consider and act on response to close out school building project. Motion passes.

Glen provided update of school building project. State of Ct has sent letter indicating that they have received all documents to begin audit of school building project. 2 options to complete project. State can audit project which can take up to 3 years, or Town can hire a company that can provide audit information. If town hires auditor those costs can be added into the total project cost and would be eligible for partial reimbursement to town. Response needs to be to state in 2 weeks. BOF directed Janet Tyler, Supt of Schools to get information on the cost of auditing the project. J Tyler to provide feedback to BOF within time frame for decision.

Motion by G. Coutu, seconded by D. Anderson to add to the agenda to consider and act on request special town meeting to reallocate excess funds from school cafeteria floor, truck account and lockers account at schools and to use these funds for well project at Lebanon middle school. Motion passes to add to the agenda.

Presentation from BOE regarding well at LMS and issues.

Well #2 contaminated with E-coli and a drainage pipe needs to be diverted.

It was determined project could be phased because if 1st phase meets state DPH approvals that will dictate costs for remainder of phases. Phase 1 will cost 5K.

Option include correcting well issue and moving drainage pipe will cost \$60K.

Other options include connecting LMS with HS water system. Cost for drainage pipe move and connecting water with LMHS is 100K.

G. Coutu withdrew his motion.

Motion to add to agenda to authorize contingency dollars up to \$5K for phase 1 of LMS well project, which is rehabilitation of well #2 at LMS.

Motion passes unanimously.

H. Adjourn

Motion made by G. Coutu seconded by G. Lafontaine to adjourn at 9:40 pm

Motion passes unanimously.

Betsy Petrie
Secretary